BIOMASS SECURE POWER INC.
40218 Wells Line Road. Abbotsford. B.C., V3G 2 K7

October 28, 2014

VIA SEDAR

British Columbia Securities Commission
Alberta Securities Commission
Ontario Securities Commission
TSX Venture Exchange

Re: Amended Annual Information Form ("AIF")
for the year ended June 30, 2014

This Amended Annual Information Form is being filed as a result amendments required for consistency of disclosure between the AIF and the Biomass Secure Power Inc's audited consolidated financial statements (the "Financial Statements") being filed on today's date.

Amendments to the AIF include:

1. Updating of the status of the cease trade order issued by the British Columbia Securities Commission ("BCSC") on October 8, 2014 and revoked by the BCSC on October 10, 2014;
2. Amending disclosure of the Company's operating loss for the year, accumulated deficit, working capital deficiency and cash on hand to agree with the Financial Statements;
3. Provide additional disclosure regarding the Company's business; and
4. To disclose shares issued subsequent to June 30, 2014.

Yours truly,

Biomass Secure Power Inc.

By:

Murray L. Swales
Chief Financial Officer

Enclosure

BIOMASS SECURE POWER INC.

ANNUAL INFORMATION FORM FOR THE YEAR ENDED

JUNE 30, 2014

October 28, 2014

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"A" Audit Committee Charter

CORPORATE STRUCTURE

Biomass Secure Power Inc. (the "Company" or "Biomass") was incorporated in the Province of British Columbia on August 24, 1989 as Flamingos Beach Resort Inc. On August 10, 1999, we changed our name to VMH Videomoviehouse.com Inc. On May 18, 2006, we changed our name to Virtual Media Holdings Inc. On February 9, 2009, we changed our name to Biomass Secure Power Inc. (the "Predecessor Biomass"). On June 30, 2009; we legally amalgamated with 0625920 BC Ltd. ("0625920"), with Predecessor Biomass as the continuing company.

On February 1, 2013 we incorporated a wholly-owned subsidiary in the State of Louisiana, Biomass Power Louisiana LLC.

At June 30, 2014, the Company's headquarters and principal place of business are located at 40218 Wellsline Road, Abbotsford, British Columbia, V3G 2K7. The Company's registered office is located at 800 – 885 West Georgia Street, Vancouver, British Columbia, V6C 3H1.

GENERAL DEVELOPMENT OF OUR BUSINESS

Biomass Secure Power Inc. ("Biomass" or the "Company"), became a development stage enterprise July 1, 2007. The Company's stock is traded on the OTC Bulletin Board Pink Sheets in the United States and the Company is subject to the securities laws of the United States and British Columbia, Canada. Prior to July 1, 2007, the Company was conducting internet sales of videos, CDs, DVDs and books as Virtual Media Holdings Inc., (formerly VMH VideoMovieHouse.com Inc.). As at June 30, 2007, the Company ceased all operations in connection with internet sales, wrote-off all related assets and was seeking a new business. The Company plans to build, own and operate cellulose pelletizing plants that utilize proprietary technology. The Company's headquarters are located in Abbotsford, British Columbia, Canada.

In the past four years the Company has been focused on development of a viable business plan prior to commencement of financing and constructing the proposed plant. In the past year management has:

a) entered into a lease agreement for the site of the Company's proposed pelletizing plant;
b) continued to expand contacts with potential suppliers of fibre with a goal of confirming pricing parameters and establishing supply arrangements;
c) continued discussions with potential customers, and entered into discussions with additional potential customers, in various world-wide markets to confirm market demand and selling prices and establish off-take arrangements;
d) discussed potential financing arrangements with various funding bodies, and
e) updated the business plan to reflect the above activities.

DECRIPTION OF OUR BUSINESS

Amalgamation

On September 8, 2008, Predecessor Biomass entered into an Amalgamation Agreement (the "Agreement") with 0625920 BC Ltd. ("0625920") whereby Predecessor Biomass would acquire certain intellectual property of 0625920 by way of merger of the two Companies (the "Company"). At the time of the Agreement the Predecessor Biomass and 0625920 had one common director and officer, Mr. Jim Carroll, who is the President/CEO of the Company and was the President of 0625920, and had two common shareholders, Mr. Carroll and his spouse.

Pursuant to the terms of the Agreement 235,099,866 common shares of the Company were to be issued to the shareholders of the Predecessor Biomass and 225,269,250 common shares of the Company were to be issued to the shareholders of 0625920 (together the "Amalgamation Shares").

On November 1, 2008 the Company issued 15,000,000 common shares, as a deposit on the Agreement, to Mr. George Pappas, a director of 0625920, who was unrelated to the Company at that time. The deposit was to form part of the total share consideration to be issued pursuant to the Agreement.

On June 30, 2009, pursuant to section 273 of the British Columbia Business Corporations Act, Predecessor Biomass and 0625920 were amalgamated, with the resulting company (the "Company") adopting the name, articles, and notice of articles of Biomass Secure Power Inc.

On April 27, 2011 we issued the Amalgamation Shares. As such, for accounting purposes the merger transaction was recorded effective on that date and is reflected in the June 30, 2011 financial statements. The accounting for this transaction is discussed in Section 3 – Results of Operations.

For part of the year ended June 30, 2014 our common shares were subject to a Cease Trade Order, in British Columbia, issued by the British Columbia Securities Commission on November 6, 2013, for failure to file our audited annual financial statements for the year ended June 30, 2013. November 18, 2013, the Company made application to the British Columbia Securities Commission ("BCSC") for revocation of the cease trade order issued. On November 19, 2012 the BCSC revoked the cease trade order and trading in securities of the Company was allowed to resume.

On October 8, 2014 our common shares were subject to a Cease Trade Order, in British Columbia, issued by the British Columbia Securities Commission for failure to file our Annual Information Form for the year ended June 30, 3014. On October 10, 2014 we filed the Annual Information Form and on that date the BCSC revoked the cease trade order and trading in securities of the Company was allowed to resume.

Our Current Business

Our Business Plan

The Company's business plan is to build a pellet plant that will process whole trees and chipped fibre. It is proposed that we build the plant located within the confines of the Port of Natchitoches, Louisiana. The Company has reached an agreement with the Port of Natchitoches to lease 75 acres plus an additional two acres on the Red River that will be used to load and unload materials. The Company will also lease a corridor 10 feet wide and approximately one mile in length on which a conveyor system will be constructed to move material to and from the pellet plant. The term of lease will be 30 years with an option to extend the lease for an additional 15 years. The lease agreement is subject to the Port of Natchitoches assisting with a bond issue to provide capital necessary to build phase one of the plant. The intention of the Company is to build out the plant in two phases, capable of producing approximately one million seven hundred thousand tonnes per year of white wood pellets.

Our business plan timeline has been pushed back and we project construction to start in first quarter 2015 following completion of the bond issue. Finalization of contracts for fibre supply will ensure long term access to sufficient fibre to operate the plant at its full production capacity.

The Company has been concentrating on the acquisition of woody fibre to process into pellets at the Natchitoches plant. The Company has commitments from fibre suppliers to service the requirements of phase one.

The Company has made substantial progress towards the required end user agreement(s).Agreements in principal have been reached with two potential off-take clients. Each one is looking to secure 250,000 tonnes of pellets per year. In one case we are awaiting the agreement to be issued by their legal department outlining all terms and conditions. Once our review of document is completed we expect to execute the contract. The second company is completing due diligence and we expect to complete an agreement by end of year. This company wants us to supply them with wood chips during plant construction. We are currently looking at the viability of doing this as it as it will provide cash flow during construction phase. Several other potential off-take agreements are in various stages of negotiations and it is managements opinion that phase one production of one million tonnes will be presold prior to completion of plant construction.

Wood Fiber Supply

The commitments received so far from locations on the Red River, Natchitoches and Shreveport areas are sufficient to supply phase one of the plant, the Company proposes to bring additional fibre from other areas such a Baton Rouge and Alexandria via barge on their return from delivering pellets to Port of New Orleans for shipment to end users.

Storage

Engineering staff have spent much time on the design of the pellet storage facility, from the elimination of all flat surfaces that could collect dust in the structures protecting the equipment, to the method of placement and storage of the finished pellets.

In addition to the storage of the pellets the plant has been designed with comprehensive and flexible systems of storage heaps, which will enable the operator to isolate, recirculate and blend chips from various heaps.

Each storage area has been designed with methods and equipment to control water runoff, sumps etc. In addition fire barriers and equipment access has been carefully considered in the final plant layout.

There is 400,000 tonnes of storage planned for Natchitoches. The quantity of storage will enable the plant operator to stock pile significant quantities of wood fibre prior to plant start up, in line with the goal of

harvest crew development. There will be an ongoing inventory of 10% held in reserve pending unfavorable harvesting conditions.

Permits

Building Permit

During the 1st construction phase it is proposed to build a 9,000 square foot two storey office facility with conference area and training room. This building will be placed on the periphery of the plant and will initially be used to control site access. In addition a 20,000 ft space will be added to provide onsite dry storage and fabrication facilities. At the completion of the installation phase this building will become the #1 grinding building and plant control room.

Concurrent with the commencement of Phase I construction we also propose to layout the road access areas, parking bays and various building and storage area foundations. Application for the building permits will be made to the engineer at the Port and to the State Fire Marshall.

DEQ Air Permit

The Company is commissioning various trials of the local materials to obtain the relevant date for the purpose of the application for the local air permit. As there have been some recent problems at other pellets plants in the US south, the Company has elected to install technology that will not cause the formation of volatile organic compounds from the drying process. Generally this is possible as drying will be achieved at a temperature that will not be significantly different from the storage temperature. This means that the volatile hydrocarbon materials in the material will not be caused to change into chemicals that are not naturally present when the chips compost over time.

High temperature drying or contact with high temperature surfaces can cause the molecules in the biomass to transform, usually by pyrolysis, into other less desirable chemicals. Although the selected technology is not expected to eliminate the problem it is expected to minimize it so that it will be manageable under DEQ requirements.

Each of the areas contributing fibre has been asked to provide samples which will be tested in the selected drying technology. These results are required before application to DEQ is made. We are assuming that the plant will require SCR technology and that PM10 limits will require electro precipitation equipment. As this represents best available technology and has recently been approved elsewhere in US Environmental Protection Agency (“EPA”) nonattainment areas, we have reasonable confidence that the necessary permits will be issued for the plant.

It is necessary to ensure that the permit application is complete and as we are using real data from the fibre sources that have offer material to the plant for the data that we will present to DEQ. There will be a short delay before these data are available and application is made.

Risk Factors

In conducting its business, the Company, like all development-stage companies, faces a variety of risks uncertainties. While unable to eliminate all of them, the Company aims at managing and reducing such risks as much as possible. You should carefully consider the following risks and uncertainties in addition to other information in this report in evaluating our company and its business before purchasing shares of our company's common stock. Our business, operating results and financial condition could be seriously harmed due to any of the following risks. You could lose all or part of your investment due to any of these risks.

Risks Related to our Company

Risks Related to our Financial Condition

The fact that we have not earned any operating revenues since we switched the focus of our company to our current business plan raises substantial doubt about our ability to continue as a going concern.

We have incurred accumulated losses of $8,609,497 and incurred an operating loss of $412,0103in the year ended June 30, 2014. We anticipate that we will continue to incur operating expenses without revenues for the foreseeable future. Because we have incurred losses from operations since inception, have not attained profitable operations and are dependent upon obtaining adequate financing to commence our business operations. In their report on our financial statements for the fiscal year ended June 30, 2013, our independent auditors included an explanatory paragraph regarding the substantial doubt about our ability to continue as a going concern.

As of June 30, 2014, we had cash on hand of $122,215 and a working capital deficit of $642,986. We estimate our average monthly operating expenses over the next 12 months to be approximately $50,000 per month, excluding any expenses incurred in the building of any plants. In addition, our budget could

increase during the year in response to matters that cannot be currently anticipated and we might find that we need to raise more capital in order to properly address these items. As we cannot assure a lender that we will be able to successfully build our plants, we will probably be unable to raise debt financing from traditional lending sources. We have traditionally raised our operating capital from sales of equity and debt securities, but there can be no assurance that we will continue to be able to do so. We are currently subject to a cease trade order imposed by the British Columbia Securities Commission and cannot raise any funds until it has been revoked.

The recent economic uncertainty and market instability may make it harder for us to raise capital as and when we need it and have made it difficult for us to assess the impact of the crisis on our operations or liquidity and to determine if the prices we might receive on the sale of our wood pellets. If we cannot raise the money that we need to continue development of our wood pellet plant, we may be forced to delay, scale back, or cease our business plan. If any of these were to occur, there is a substantial risk that our business would fail.

We have no prior experience in manufacturing and operating a wood pellet plant.

Our success will be dependent on our management's ability to manufacture and operate a wood pellet plant. To our knowledge, our plants will be the first of their kind in Canada. As such, we have no experience building and operating a wood pellet plant and limited experience manufacturing similar products at the volume we anticipate will be required to sustain our operations. As a result, we may not be able to develop and implement efficient, low-cost manufacturing capabilities and processes that will enable us to manufacture our wood pellets in significant volumes, while meeting the legal, regulatory, quality, price, durability, engineering, and design and production standards required to market our products successfully. Further, we have no experience selling wood pellets to power producers. As a result, we may not be able to enter into a contract for the purchase and sale of our wood pellets on favourable terms or at all.

We have no operating history relating to our current business plan.

We have no operating history relating to our current business plan on which to base an evaluation of our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses and difficulties frequently encountered by companies seeking to establish a new business opportunity. Some of these risks and uncertainties relate to our ability to build our plants, secure long term sales contracts, and obtain an adequate supply for our plants.

We cannot be sure that we will be successful in addressing these risks and uncertainties and our failure to do so could have a materially adverse effect on our financial condition. In addition, our operating results are dependent to a large degree upon factors outside of our control. There are no assurances that we will be successful in addressing these risks, and failure to do so may adversely affect our business.

It is unlikely that we will generate any or significant revenues while we implement our business plan. In order for us to make a profit, we will need to successfully build our plants and secure long term supply and sales contracts for our wood pellets. Even if we become profitable, we may not sustain or increase our profits on a quarterly or annual basis in the future.

We will, in all likelihood, sustain operating expenses without corresponding revenues and significant capital expense in the construction of our plants, for the foreseeable future.

We anticipate that we will depend on a limited number of customers for a high percentage of our revenue.

We anticipate that we will sell our wood pellets to power producers in Europe. We do not anticipate that we will enter into agreements with a large number of producers and will have a limited number of customers. Once we begin operations, we anticipated that our revenues will be volatile because of the loss of sales to any one of our customers would have a significant negative impact on our business. Due to our anticipated dependence on a limited number of customers, any one of the following events may cause material fluctuations or declines in our revenue and have a material adverse effect on our financial condition and results of operations:

- reduction, delay or cancellation of orders from one or more of our significant customers;
- selection by one or more of our significant customers of another product;
- loss of one or more of our significant customers and our failure to identify additional or replacement customers; and
- failure of any of our significant customers to make timely payment for our products.

We will be dependent on the price of wood pellets.

Our business plan is based on certain assumptions regarding the price of wood pellets. The price of wood pellets is dependent on many factors, including the cost for similar products such as coal. If our assumptions are inaccurate and we cannot sell our wood pellets for more than the cost to produce them, our business will fail and you may lose your entire investment.

Economic conditions may adversely affect our business.

Adverse worldwide economic conditions may have adverse implications on our business. For example, our potential customers' ability to borrow money from their existing lenders or to obtain credit from other sources to fund operations may impair their ability to purchase our wood pellets, which would result in decreased in sales.

There may be one or more large competitors enter the business and that may adversely affect our business.

Currently there is a growing demand for wood pellets and insufficient production capacity to meet the projected demand. Although our revenue projections included in our business plan contemplates growing supply of pellets and a competitive market place entry of a large competitor in the market place could result in lower future revenues than are projected and / or higher cost of fiber if they were to set up a plan(s) within our supply area.

Conflicts of Interest

Certain of the Company's directors and officers serve or may agree to serve as directors or officers of other reporting companies or may have significant shareholdings in other reporting companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms.

Risks Relating to Our Common Stock

If we issue additional shares in the future, it will result in the dilution of our existing shareholders.

Our articles of incorporation authorize the issuance of an unlimited amount of shares of common stock with no par value. Our board of directors may choose to issue some or all of such shares to acquire one or more products and to fund our overhead and general operating requirements. The issuance of any such shares will reduce the book value per share and may contribute to a reduction in the market price of the outstanding shares of our common stock. If we issue any such additional shares, such issuance will reduce the proportionate ownership and voting power of all current shareholders. Further, such issuance may result in a change of control of our corporation.

Price Volatility of Publicly Traded Securities

During the past year, global securities markets have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur.

Our common stock is illiquid and the price of our common stock may be negatively impacted by factors which are unrelated to our operations.

Although our common stock is currently listed for quotation on the Pink Sheets, trading through the Pink Sheets is frequently thin and highly volatile. There is no assurance that a sufficient market will develop in our stock, in which case it could be difficult for shareholders to sell their stock. The market price of our common stock could fluctuate substantially due to a variety of factors, including market perception of our ability to achieve our planned growth, quarterly operating results of our competitors, trading volume in our common stock, changes in general conditions in the economy and the financial markets or other developments affecting our competitors or us. In addition, the stock market is subject to extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to their operating performance and could have the same effect on our common stock.

We do not intend to pay dividends on any investment in the shares of stock of our Company.

We have never paid any cash dividends and do not currently intend to pay any dividends for the foreseeable future. Because we do not intend to declare dividends, any gain on an investment in our company will need to come through an increase in the stock's price. This may never happen and investors may lose all of their investment in our company.

Legal Proceedings

We are currently not involved any legal actions.

Other Matters

Cease Trade Orders

Our common shares were subject to a Cease Trade Order, in British Columbia, issued by the British Columbia Securities Commission on November 6, 2013, for failure to file our audited annual financial statements for the year ended June 30, 2013.

On November 18, 2013, the Company made application to the British Columbia Securities Commission ("BCSC") for revocation of the cease trade order issued against the Company on November 6, 2013. On November 19, 2013 the BCSC revoked the cease trade order and trading in securities of the Company was allowed to resume.

On October 8, 2014 our common shares were subject to a Cease Trade Order, in British Columbia, issued by the British Columbia Securities Commission for failure to file our Annual Information Form for the year ended June 30, 3014.

On October 10, 2014 we filed the Annual Information Form and on that date the BCSC revoked the cease trade order and trading in securities of the Company was allowed to resume.

DIVIDENDS AND DISTRIBUTIONS

The Company did not pay any dividends since its incorporation. It is not anticipated that any dividend will be paid on its shares in an immediate or predictable future. With the exception of solvency and accounting tests provided by the British Columbia *Business Corporations Act*, there currently are no other restrictions that might prevent the Company to pay dividends.

CAPITAL STRUCTURE

Authorized capital

The authorized share capital of the Company consists of an unlimited number of common shares.

Issued Common Shares

As at June 30, 2014 and the date hereof, 607,553,018 common shares are issued and outstanding.

Holders of common shares are entitled to receive notice of any meetings of shareholders of the Company, to attend and to cast one vote per common share at all such meetings. Holders of common shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the common shares entitled to vote in any election of directors may elect all directors standing for election. Holders of common shares are entitled to receive on a pro-rata basis such dividends, if any, as and when declared by the Board of Directors at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a pro-rata basis the net assets of the Company after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro-rata basis with the holders of common shares with respect to dividends or liquidation. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Capital Structure on a Fully Diluted Basis

The following table sets out and summarizes the structure of the fully-diluted share capital of the Company as at June 30, 2014:

	Number of common shares	Percentage
Securities issued and outstanding	607,553,018	99.41%
Securities reserved for issuance pursuant to convertible note (based upon stock price at June 30, 2014)	3,472,601	0.57%
Securities reserved for agents warrants issued pursuant to a convertible debenture issued during year (based upon stock price at June 30, 2014)	104,000	0.02%
Total Fully Diluted Number of Shares	611,129,619	**100.00%**

MARKET FOR SECURITIES

Trading price and volume

The common shares of the Company trade on the OTC Bulletin Board Pink Sheets under the symbol "BMSPF".

Our common shares are subject to a Cease Trade Order, in British Columbia, issued by the British Columbia Securities Commission on November 6, 2013, for failure to file our audited annual financial statements for the year ended June 30, 2013.

On November 18,, 2013, the Company made application to the British Columbia Securities Commission ("BCSC") for revocation of the cease trade order issued against the Company on November 6, 2013. On November 19, 2013 the BCSC revoked the cease trade order and trading in securities of the Company was allowed to resume.

Our common shares are subject to a Cease Trade Order, in British Columbia, issued by the British Columbia Securities Commission on October 8, 2014, for failure to file this Annual Information Filing for the year ended June 30, 2014.

The following table sets forth information relating to the trading of the Company's common shares on the Pink Sheets for each month or, if applicable, for each part of the month for the year ended June 30, 2013:

Period	High	Low	Volume
July 2013	$0.0150	$0.0020	388,646
August 2013	$0.0150	$0.0070	196,485
September 2013	$0.0150	$0.0020	3,296,803
October 2013	$0.0100	$0.0051	1,635,908
November 2013	$0.0125	$0.0050	1,583,009
December 2013	$0.0140	$0.0090	418,063
January 2014	$0.0150	$0.0100	951,331
February 2014	$0.0240	$0.0140	4,450,952
March 2014	$0.0300	$0.0101	2,247,507
April 2014	$0.0350	$0.0201	1,551,341
May 2014	$0.0400	$0.0320	1,608,638
June 2014	$0.0359	$0.0251	373,967
During the fiscal year 2013	**$0.0400**	**$0.0020**	**19,002,650**

Prior financings

Shares issued during the year ended June 30, 2014

Date		Number of shares	Issue price per share	Aggregate issue price
March 26, 2014	Shares for cash	5,900,000	$0.0100	$ 59,000
April 25, 2014	Shares for cash	550,000	$0.0100	$ 5,500

Subsequent to June 30, 2014, and to the date of this report, the Company issued 1,750,000 common shares, at $0.02 per share, for the share subscriptions received prior to June 30, 2014 in the amount of $35,000.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RETRICTION ON TRANSFER

There are no trading restrictions on any of the issued shares of the Company.

DIRECTORS AND OFFICERS

General Information

The table below sets out the names of all directors of the Company, their municipality of residence, their title and principal occupation, and the number and percentage of common shares of the Company they hold as at June 30, 2013:

Name and municipality of residence	Principal occupation for the last 5 years	Position or function	Director since	Common shares held or over which control or direction is exercised	% of all common shares issued
James Carroll Abbotsford, British Columbia, Canada	President and CEO of Biomass	President, Chief Executive Officer, and Director	January 10, 2007	238,256,774	39.3%
George Pappas Huntington Beach California, United States	Vice-President of All-Trades Fabrication Inc.	Vice-President, Corporate Secretary and Director	December 30, 2008	122,858,576	20.3%
Andrew Burns Hamilton, Ontario, Canada	President, Burns Energy Systems Ltd.	Vice-President and Director	June 30, 2009	48,259,978	8.0%
Murray Swales, CA Okanagan Falls, British Columbia, Canada	Partner, Witzerman & Company, CA's	CFO	N/A	3,483,729 (1)	0.6%

(1) Held indirectly by Witzerman & Company

As a group, the directors and officers of the Company beneficially own, directly or indirectly, 412,859,057 common shares of the Company, or exercise control or direction over such shares, representing approximately 68.1% of the Company's commons shares issued and outstanding at the date hereof.

Each director will hold office until the next annual meeting or until a successor is appointed or duly elected.

The Company's Audit Committee is comprised of each member of the Board of Directors. The Company has no other committees of the board.

Biographies

James Carroll - President, CEO, Chief Financial Officer, and Director

Since January, 2007, Mr. James Carroll has been Chief Executive officer and a Director of our company. Mr. Carroll also served as a director of our company from 2004 to 2005. Mr. Carroll has been self employed since 1993 operating his own mortgage brokerage business. From 1972 to 1992, Mr. Carroll worked in the banking and finance industry.

We believe Mr. Carroll is qualified to serve on our board of directors because of his knowledge of our company's history and current operations, which he gained from working for our company as described above, in addition to his business experience as described above. Mr. Carroll completed the Simon Fraser University Continuing Studies course *Public Companies Financing, Governance and Compliance* in 2012.

George Pappas - Vice-President, Secretary and Director

Since 1993, Mr. George Pappas has been the Vice President of All-Trades Fabrication Inc. ("All-Trades") Through All-Trades, he has been involved in building projects for companies such as Disney, University of Southern California, and Boeing. Mr. Pappas has extensive management experience and has specialized in structural steel buildings up to three storied high and all aspects of fabrication and steel erection.

Mr. Pappas is a licensed steel erector with an active C-51 Structural Steel license.

We believe Mr. Pappas is qualified to serve on our board of directors because of his knowledge of our company's history and current operations, which he gained from working for our company as described above, in addition to his education and business experience as described above.

Andrew H. Burns – Vice-President and Director

Since 1990, Andrew Burns has been the President of Burns Energy Systems Ltd. ("Burns Energy"). Through Burns Energy, Mr. Burns has been involved with various industrial projects, such as the development of immersion burners with ceramic tubes, small bore high velocity immersion burners, and submerged combustion equipment. Mr. Burns is currently working on a large pelletizing project in Russia with EPS Inc. Mr. Burns is developing the furnace that will be used in the pelletizing process. Mr. Burns has published papers in various periodicals and books, and presented technical papers at various conferences.

Mr. Burns has a Bachelor of Science Degree in Metallurgy from University Leeds in the United Kingdom.

We believe Mr. Burns is qualified to serve on our board of directors because of his knowledge of our company's history and current operations, which he gained from working for our company as described above, in addition to his education and business experience as described above.

Murray L Swales, CA – Chief Financial Officer

Mr. Swales was appointed our Chief Financial Officer on November 30, 2011. Mr. Swales holds a Chartered Accountant's degree from the Institute of Chartered Accountants, British Columbia (since Jan. 1979). He also obtained a Bachelor of Physical Education degree from the University of British Columbia (November 1973).

Mr. Swales is currently a partner of Witzerman & Company, Chartered Accountants (since Oct.2008); and is CFO of Fort St. James Nickel Corp. (since April 2007), a public company listed on the Exchange. He is the President and a Director of ML Swales, Inc., a private company controlled by his spouse and of which he and his children are also shareholders (since February 1988). He is formerly: a) CFO and director of Clean Seed Capital Group Ltd. (TSXV) (June 2010 to December 2011); b) CFO of Veraz Petroleum Inc. (TSXV) (Sept. 2006 to Dec. 2008); c) CFO of a group of private companies (Jan. 2002 to Aug. 2007); and d) a partner of BDO Dunwoody LLP (as it was then called), Chartered Accountants (Jan. 1995 to Dec. 2001). Mr. Swales is not an employee of the Company and in his capacity as CFO will dedicate approximately 25% of his time to the affairs of the Company. Mr. Swales is not a party to any non-competition or confidentiality agreement with the Company

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, except as noted below, none of the directors or executive officers of the Company were, at the date of the present Annual Information Form or within 10 years before that date, a director, a chief executive officer, or a chief financial officer of the Company or another company which, while that person was acting in that capacity:

a) has been subject of a cease trade order or an order that could be considered as a cease trade order or an order that denied access to an exemption under the securities legislation, for a period of more than 30 consecutive days (an "**order**"), EXCEPT all of the directors were directors of the Company:
    i. at the time the British Columbia Securities Commission issued a Cease Trade Order against the Company on November 19, 2009 which was revoked on April 8, 2011;
    ii. at the time the British Columbia Securities Commission issued a Cease Trade Order against the Company on November 7, 2011 which was revoked on September 7, 2012;
    iii. at the time the British Columbia Securities Commission issued a Cease Trade Order against the Company on November 6, 2013, which was revoked on November 19, 2013;
    iv. at the time the British Columbia Securities Commission issued a Cease Trade Order against the Company on October 8, 2014, which was revoked on October 10, 2014, or
b) was the subject of an order announced after the director or the executive officer ceased to serve as a director, chief executive officer or chief financial officer and arising from an event that occurred while holding his or her position.

None of the directors or executive officers or shareholders holding a sufficient number of securities of the Company to materially affect its control:

a) have been, at the date hereof or during the ten previous years, a director or executive officer of a company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;
b) within the past ten years, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;
c) have been subject to any penalties or sanctions imposed by a court relating to securities legislation or a securities regulatory authority or entered into a settlement agreement with a securities regulatory authority;
d) have been subject to any other penalties or sanctions by a court or regulatory body that would likely be considered important to a reasonable shareholder of the Company having to take a decision on the operation.

Conflicts of interest

There are potential conflicts of interest to which some of the directors and officers of the Company could be subjected in connection with the operations of the Company. Some of the directors and officers are engaged in and will continue to be engaged in companies or businesses which may be in competition with the Company. Accordingly, situations may arise where some of the directors, officers and promoters will be in direct competition with the Company. Conflicts of interest, if any, will be subject to the procedures and remedies as provided under the British Columbia *Business Corporations Act.*

PROMOTERS

Within the last two fiscal years and to the date of this Annual Information Form, the Company does not have any person or company that could be considered a promoter of the Company.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

See: "Legal proceedings" above, on page 10.

Regulatory Actions

For part of the year ended June 30, 2014 our common shares were subject to a Cease Trade Order, in British Columbia, issued by the British Columbia Securities Commission on November 6, 2013, for failure to file our audited annual financial statements for the year ended June 30, 2013. On November 18, 2013, the Company made application to the British Columbia Securities Commission ("BCSC") for revocation of the cease trade order issued. On November 19, 2013 the BCSC revoked the cease trade order and trading in securities of the Company was allowed to resume.

On October 8, 2014 our common shares were again subject to a Cease Trade Order, in British Columbia, issued by the British Columbia Securities Commission for failure to file its Annual Information Form for the year ended June 30, 3014. On October 10, 2014 the Company filed the Annual Information Form and on the same day the BCSC revoked the cease trade order and trading in securities of the Company was allowed to resume.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Annual Information Form, the management of the Company is not aware of any material interest, direct or indirect, that any director, proposed director, officer, shareholder of the Company holding, directly or indirectly, as beneficial owner, more than 10% of the outstanding common shares of the Company or any associate or affiliate of any such persons would have in any material transaction concluded since the beginning of the last financial year of the Company or in any proposed transaction which had or could have a material effect on the Company. (See "Directors and Officers" above, on Page 11).

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Computershare Investor Services Inc., 510 Burrard Street, 3rd Floor, Vancouver, B.C., V6C 3B9.

MATERIAL CONTRACTS

The Company has not entered any material contracts during the financial year ended June 30, 2014 or subsequently to the date of this AIF.

INTERESTS OF EXPERTS

The Company's financial statements for the years from June 30, 2011 to June 30, 2014 inclusive have been audited by Morgan & Company, Chartered Accountants, of Vancouver, British Columbia. The auditors appointed by the shareholders, are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia. The Company is not aware of any direct or indirect interest of Morgan & Company, or any of the individuals involved in the preparing the independent opinion, in the Company.

ADDITIONAL INFORMATION

Executive compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's executive compensation objectives and processes and to discuss compensation decisions relating to its named executive officers ("Named Executive Officers") listed in the Summary Compensation Table that follows. During our fiscal year ended June 30, 2011, the following individuals were Named Executive Officers (as determined by applicable securities legislation) of the Company:

- Jim Carroll, Chief Executive Officer (since January 10, 2007)
- George Pappas, Vice-President (since December 30, 2008)
- Andrew Burns, Vice-President (since June 30, 2009)

The Company is a development stage company engaged in the development of a wood pelletizing facility in North America. Currently, the Company is not party to any agreements with respect to the construction of a facility or sale of product. The Company has no revenues from operations and we often operate with limited financial resources to ensure that funds are available for operating costs. As a result, the Board of Directors has to consider not only the financial situation of the Company at the time of determination of executive compensation, but also the estimated financial situation of the Company in the mid- and long-term. An important element of executive compensation is that of stock options, which do not require cash

disbursement by the Company. Additional information about the Company and its operations is available in its audited consolidated financial statements and Management's Discussion & Analysis for the year ended June 30, 2014, copies of which will be electronically filed with regulators and are available for viewing through the Internet at the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com no later than October 38, 2014.

Compensation Objectives and Principles

The primary goal of the Company's executive compensation process is to attract and retain the key executives necessary for the Company's long term success, to encourage executives to further the development of the Company and its operations, and to motivate qualified and experienced executives. The key elements of executive compensation awarded by the Company are: (i) base salary; (ii) potential annual incentive award; and (iii) incentive stock options. The directors are of the view that all such elements should be considered when determining executive compensation, rather than any single element.

Compensation Process

The Company relies solely on its Board of Directors, through discussion without any formal objectives, criteria or analysis, in determining the compensation of its executive officers. The Board of Directors is responsible for determining all forms of compensation, including long-term incentives in the form of stock options to be granted to the Named Executive Officers of the Company, and to its directors, and for reviewing the recommendations respecting compensation for any other officers of The Company from time to time, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of the Company's executive officers, the Board of Directors considers: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and the Company's shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general.

Base Salary and/or Consulting Fees

The Company is a development stage company and does not anticipate generating revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Board of Directors to be appropriate in the evaluation of corporate or Named Executive Officer performance. The compensation of the executive officers is based, in substantial part, on industry compensation practices, trends in the mining industry, as well as achievement of the Company's business plans and objectives.

The Company provides Named Executive Officers with base salaries and/or consulting fees, which represent their minimum compensation for services rendered during the fiscal year. Named Executive Officers' base salaries or consulting fees depend on the scope of their experience, responsibilities, leadership skills and performance. Base salaries and/or consulting fees are reviewed annually by the Board of Directors. In addition to the above factors, decisions regarding salary or consulting fee amounts are impacted by each Named Executive Officer's current salary or fee, general industry trends and practices competitiveness, and the Company's existing financial resources.

Option Based Awards

Options to purchase common shares of the Company are intended to align the interests of the Company's directors and executive officers with those of its shareholders, to provide a long term incentive that rewards these individuals for their contribution to the creation of shareholder value, and to reduce the cash compensation the Company would otherwise have to pay. At this time the Company does not have a stock option incentive plan.

Benefits and Perquisites

The Company does not, as of the date of this Annual Information Form, offer any benefits or perquisites to its Named Executive Officers.

Summary Compensation Table

The following table provides a summary of the compensation earned by, paid to, or accrued and payable to, each Named Executive Officer during the fiscal years ended June 30, 2011, 2010 and 2009. Amounts reported in the table below are in Canadian dollars.

Name and principal position	Fiscal Year ended June 30	Salary/ Fee ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)		Pension value ($)	All other compensation ($)	Total Compensation ($)
					Annual incentive plans	Long-term incentive plans			
Jim Carroll	2014	$ 120,000	$Nil	$Nil	$Nil	$Nil	$Nil	$ Nil	$ 120,000
Chief Executive Officer and Chief Financial Officer	2013	$ 120,000	$Nil	$Nil	$Nil	$Nil	$Nil	$ Nil	$ 120,000
	2012	$ 120,000	$Nil	$Nil	$Nil	$Nil	$Nil	$ Nil	$ 120,000
George Pappas	2014	$ 60,000	$Nil	$Nil	$Nil	$Nil	$Nil	$ Nil	$ 60,000
Vice-President	2013	$ 60,000	$Nil	$Nil	$Nil	$Nil	$Nil	$ Nil	$ 60,000
	2012	$ 60,000	$Nil	$Nil	$Nil	$Nil	$Nil	$ Nil	$ 60,000
Andy Burns	2014	$ 60,000	$Nil	$Nil	$Nil	$Nil	$Nil	$ Nil	$ 60,000
Vice-President	2013	$ 60,000	$Nil	$Nil	$Nil	$Nil	$Nil	$ Nil	$ 60,000
	2012	$ 30,000	$Nil	$Nil	$Nil	$Nil	$Nil	$ Nil	$ 30,000
Murray L Swales	2014	$ Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$ 30,000 [(2)]	$ 30,000
Chief Financial Officer [(1)]	2013	$ Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$ 61,780 [(2)]	$ 61,780
	2012	$ Nil	$Nil	$Nil	$Nil	$Nil	$Nil	$ 29,461 [(2]	$ 29,461

(1) Murray Swales, CA, was appointed our Chief Financial Officer on November 30, 2011.
(2) Consulting fees accrued to a partnership of which Mr. Swales is a partner

Incentive Plan Awards - Outstanding Option-Based Awards

The Company does not, as of the date of this Annual Information Form, have a stock option incentive plan.

Director Compensation

The Company does not pay its directors a fee for acting as such. They are, however, entitled to be reimbursed for reasonable expenditures incurred in performing their duties as directors. The Company may, from time to time, grant options to purchase common shares to the directors.

The following disclosure of director compensation for the Company's most recently completed financial year ended June 30, 2014, excludes compensation of Jim Carroll, in his capacity as President and Chief Executive Officer, George Pappas, in his capacity as Vice-President and Andrew Burns, in his capacity as Vice-President of the Company. Their compensation is disclosed at the above Summary Compensation Table and they did not receive any additional compensation for serving as a director of the Company during the financial year ended June 30, 2014, other than as disclosed in the table above.

Name	Director Fees earned ($)	Share-based awards ($)	Option-based awards ($)	Non-equity incentive plan compensation ($)	Pension value ($)	All other compensation ($)	Total ($)
None	Nil	Nil	$Nil	$Nil	$Nil	$Nil	$Nil

Incentive Plan Awards - Outstanding Option-Based Awards

The Company does not, as of the date of this Annual Information Form, have a stock option incentive plan.

Audit Committee

The Charter of the Audit Committee of the Company's Board of Directors is attached as Appendix 1 to this Annual Information Form.

The Board of Directors has not appointed an audit committee. The board as a whole fulfills the duties of the audit committee.

Name	Independent	Financially Literate
Jim Carroll	No	Yes
George Pappas	No	Yes
Andrew Burns	No	Yes

The Company does not have a member of the Board of Directors that qualifies as an "audit committee financial expert".

Pre-Approved Policies and Procedures for Non-Audit Services

The Company's Board of Directors requiree that management seek approval from the Board for all non-audit services to be provided to the Company, by the Company's external auditor, prior to engaging the external auditor to perform those non-audit services.

External Auditor Service Fees

Aggregate audit fees invoiced by Morgan & Company, Chartered Accountants, the Company's external auditor, relating the audit of the Company's June 30, 2013 fiscal year was $14,585 and relating to the audit of the June 30, 2012 fiscal year was $19,831. We have estimated the audit fees relating to the audit of the June 30, 2014 fiscal year to be approximately $20,000. No other fees were billed by the external auditor in each of the last two fiscal years for products and services provided (such as audit-related fees, tax fees or all other fees) by the Company's auditor, other than the services reported above.

Reliance on Exemptions

The Company is relying on the exemption in Section 6.1 of National Instrument 52-110 - Audit Committees ("NI 52-110") from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

The Company has not, since the commencement of its most recently completed financial year, relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or on an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

Corporate Governance

Composition of the Board of Directors

The Board of Directors of the Company facilitates its exercise of independent supervision over management by ensuring there are directors on the Board who are independent of management. In determining whether a director is independent, the Board considers whether the director has a relationship which could, or could be perceived to interfere with the director's ability to objectively assess the performance of management. The Board, at present, is comprised of three directors, none of whom is considered to be "independent" (as such term is defined in National Instrument 58-101 – Disclosure of Corporate Governance Practices and NI 52-110). Messrs. Carroll, Pappas and Burns are not considered to be "independent" as that term is defined by applicable securities legislation: Mr. Carroll by reason of his office as President and Chief Executive Officer; Mr. Pappas by reason of his office as Secretary and Vice-President and receiving a salary from the Company; and Mr. Burns by reason of his office as Vice President and receiving consulting fees from the Company.

The directors believe that, at this early stage of the Company's development, the current composition of the Board of Directors adequately facilitates its exercise of independent supervision over management. The Board anticipates that, as the Company matures as a business enterprise, with a project advancing to the plant construction stage, it will identify additional qualified candidates that have experience relevant to the Company's needs, who are independent of management and are considered to be independent under applicable corporate governance legislation and guidelines.

Directorships in other Public Companies

None of the members of the Board of Directors also serve on the board of any other public company.

Orientation and Education of Directors

The Company has not yet developed an official orientation or training program for new directors. New directors will be provided, through discussions and meetings with other directors, officers and employees, with a thorough overview of the Company's' business. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board.

Ethical Business Conduct

The Company's Board of Directors has not yet adopted a written code of business conduct and ethics. The Board's mandate includes satisfying itself as to the integrity of the Company's executive officers and, in all dealings, endeavours to reflect a culture of integrity and ethical business conduct. As its corporate governance practices evolve, it is the Board's intention to adopt a code of business conduct and ethics which will address issues such as conflicts of interest; protection and proper use of corporate assets and opportunities; confidentiality of corporate information; fair dealing with shareholders, partners, suppliers, competitors and employees; compliance with laws, rules and regulations and reporting of any illegal or unethical behaviour; as well as monitoring compliance with such a code. In the meantime, the Board strives to promote integrity and at all times encourages directors to exercise independent judgment in considering transactions or agreements in respect of which a director or officer has a material interest and all such transactions or agreements must be approved by the Board of Directors.

Nomination of Directors

Given its size, the Company has not yet implemented a nominating committee. The Board of Directors, as a whole, is responsible for considering the Board's size and the number of directors to recommend to the Company's shareholders for election at annual meetings of shareholders, taking into account the number of directors required to carry out the Board's duties effectively, and to maintain a majority of independent directors and a diversity of view and experience.

Compensation

The Board of Directors is responsible for determining all forms of compensation to be granted to the Chief Executive Officer and Chief Financial Officer of the Company, as well as to its directors, and for reviewing the Chief Executive Officer's recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. See above – Executive Compensation – Compensation Discussion and Analysis.

Board Committees

The Board of Directors of the Company has, to date, established no committees.

Assessments

The Board does not yet formally review the contributions of individual directors. At this point, the directors believe that the Board's current size facilitates informal discussion and evaluation of members' contributions within that framework.

Other

Additional information relating to the Company, such as the remuneration of directors and officers, the names of the main shareholders, and the securities authorized for issue under compensation plans presented in the Company Circular of the last General Annual Meeting, is available on SEDAR at www.sedar.com. Other financial information may be obtained on the audited Company's financial statements and in the Management's Discussion and Analysis related thereto for the year ended June 30, 2014, which will be filed on SEDAR no later than October 28, 2014.

APPENDIX A

BIOMASS SECURE POWER INC.

Audit Committee's Charter

The following is the text of Biomass Secure Power Inc. (the "Company's") audit committee charter:

Committee Role

The committee's role is to act on behalf of the board of directors and oversee all material aspects of the company's reporting, control, and audit functions, except those specifically related to the responsibilities of another standing committee of the board. The audit committee's role includes a particular focus on the qualitative aspects of financial reporting to shareholders and on company processes for the management of business/financial risk and for compliance with significant applicable legal, ethical, and regulatory requirements.

In addition, the committee is responsible for: (1) selection and oversight of our independent accountant; (2) establishing procedures for the receipt, retention and treatment of complaints regarding accounting, internal controls and auditing matters; (3) establishing procedures for the confidential, anonymous submission by our employees of concerns regarding accounting and auditing matters; (4) establishing internal financial controls; (5) engaging outside advisors; and, (6) funding for the outside auditor and any outside advisors engagement by the audit committee.

The role also includes coordination with other board committees and maintenance of strong, positive working relationships with management, external and internal auditors, counsel, and other committee advisors.

Committee Membership

The committee shall consist of the entire board directors. The committee shall have access to its own counsel and other advisors at the committee's sole discretion.

Committee Operating Principles

The committee shall fulfill its responsibilities within the context of the following overriding principles:

1. Communications - The chairperson and others on the committee shall, to the extent appropriate, have contact throughout the year with senior management, other committee chairpersons, and other key committee advisors, external and internal auditors, etc., as applicable, to strengthen the committee's knowledge of relevant current and prospective business issues.

2. Committee Education/Orientation - The committee, with management, shall develop and participate in a process for review of important financial and operating topics that present potential significant risk to the company. Additionally, individual committee members are encouraged to participate in relevant and appropriate self-study education to assure understanding of the business and environment in which the company operates.

3. Annual Plan - The committee, with input from management and other key committee advisors shall develop an annual plan responsive to the "primary committee responsibilities" detailed herein. The annual plan shall be reviewed and approved by the full board.

4. Meeting Agenda - Committee meeting agendas shall be the responsibility of the committee chairperson, with input from committee members. It is expected that the chairperson would also ask for management and key committee advisors, and perhaps others, to participate in this process.

5. Committee Expectations and Information Needs - The committee shall communicate committee expectations and the nature, timing, and extent of committee information needs to management, internal audit, and external parties, including external auditors. Written materials, including key performance indicators and measures related to key business and financial risks, shall be received from management, auditors, and others at least one week in advance of meeting dates. Meeting conduct will assume board members have reviewed written materials in sufficient depth to participate in committee/board dialogue.

6. External Resources -The committee shall be authorized to access internal and external resources, as the committee requires, to carry out its responsibilities.

7. Committee Meeting Attendees - The committee shall request members of management, counsel, internal audit, and external auditors, as applicable, to participate in committee meetings, as necessary, to carry out the committee responsibilities. Periodically and at least annually, the committee shall meet in private session with only the committee members. It shall be understood that either internal or external auditors, or counsel, may, at any time, request a meeting with the audit committee or committee chairperson with or without management attendance. In any case, the committee shall meet in executive session separately with internal and external auditors, at least annually.

8. Reporting to the Board of Directors - The committee, through the committee chairperson, shall report periodically, as deemed necessary, but at least semi-annually, to the full board. In addition, summarized minutes from committee meetings, separately identifying monitoring activities from approvals, shall be available to each board member at least one week prior to the subsequent board of directors meeting.

9. Committee Self Assessment - The committee shall review, discuss, and assess its own performance as well as the committee role and responsibilities, seeking input from senior management, the full board, and others. Changes in role and/or responsibilities, if any, shall be recommended to the full board for approval.

Meeting Frequency

The committee shall meet at least three times quarterly. Additional meetings shall be scheduled as considered necessary by the committee or chairperson,

Reporting to Shareholders

The committee shall make available to shareholders a summary report on the scope of its activities. This may be identical to the report that appears in the company's annual report.

Committee's Relationship with External and Internal Auditors

1. The external auditors, in their capacity as independent public accountants, shall be responsible to the board of directors and the audit committee as representatives of the shareholders.

2. As the external auditors review financial reports, they will be reporting to the audit committee. They shall report all relevant issues to the committee responsive to agreed-on committee expectations. In executing its oversight role, the board or committee should review the work of external auditors.

3. The committee shall annually review the performance (effectiveness, objectivity, and independence) of the external and internal auditors. The committee shall ensure receipt of a formal written statement from the external auditors consistent with standards set by the Independent Standards Board and the Securities and Exchange Commission. Additionally, the committee shall discuss with the auditor relationships or services that may affect auditor objectivity or independence. If the committee is not satisfied with the auditors' assurances of independence, it shall take or recommend to the full board appropriate action to ensure the independence of the external auditor.

4. The internal audit function shall be responsible to the board of directors through the committee.

5. If either the internal or the external auditors identify significant issues relative to the overall board responsibility that have been communicated to management but, in their judgment, have not been adequately addressed, they should communicate these issues to the committee chairperson.

6. Changes in the directors of internal audit or corporate compliance shall be subject to committee approval.

Primary Committee Responsibilities

Monitor Financial Reporting and Risk Control Related Matters

The committee should review and assess:

1. Risk Management - The Company's business risk management process, including the adequacy of the company's overall control environment and controls in selected areas representing significant financial and business risk.
2. Annual Reports and Other Major Regulatory Filings - All major financial reports in advance of filings or distribution.
3. Internal Controls and Regulatory Compliance - The Company's system of internal controls for detecting accounting and reporting financial errors, fraud and defalcations, legal violations, and noncompliance with the corporate code of conduct.
4. Internal Audit Responsibilities - The annual audit plan and the process used to develop the plan. Status of activities, significant findings, recommendations, and management's response
5. Regulatory Examinations - SEC inquiries and the results of examinations by other regulatory authorities in terms of important findings, recommendations, and management's response.
6. External Audit Responsibilities - Auditor independence and the overall scope and focus of the annual/interim audit, including the scope and level of involvement with unaudited quarterly or other interim-period information.
7. Financial Reporting and Controls - Key financial statement issues and risks, their impact or potential effect on reported financial information, the processes used by management to address such matters, related auditor views, and the basis for audit conclusions. Important conclusions on interim and/or year-end audit work in advance of the public release of financials.
8. Auditor Recommendations - Important internal and external auditor recommendations on financial reporting, controls, other matters, and management's response. The views of management and auditors on the overall quality of annual and interim financial reporting.

The committee should review, assess, and approve:

1. The code of ethical conduct,
2. Changes in important accounting principles and the application thereof in both interim in and annual financial reports.
3. Significant conflicts of interest and related-party transactions.
4. External auditor performance and changes in external audit firm (subject to ratification by the full board).
5. Internal auditor performance and changes in internal audit leadership and/or key financial management.
6. Procedures for whistle blowers.
7. Pre-approve allowable services to be provided by the auditor.
8. Retention of complaints